Exhibit 300 (BY2008)

PART ONE	
OVERVIEW	
1. Date of Submission:	2006-11-07
2. Agency:	015
3. Bureau:	45
4. Investment Name:	Integrated Financial System/CORE Financial System (IFS)
5. UPI:	015-45-01-01-01-4688-00

6. What kind of investment will this be in FY2008?
Mixed Life Cycle

7. What was the first budget year this investment was submitted to OMB?
FY2001 or earlier

8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.
IFS provides the IRS a Joint Financial Management Improvement Program (JFMIP) certified COTS Enterprise Resource Planning (ERP) application that integrates financial and business processes with common data in a real-time environment. Now in steady state, IFS replaced multiple legacy systems and provides core financials functionality including the General Ledger, Funds Management, Budget Execution and Formulation, Accounts Payable, Accounts Receivable, Cost Management, Financial Reporting and Cash Reconciliation. The IFS project requests funding for acquisition of a software upgrade, new functionality (budget control, receipt & acceptance, procurement, and asset management), and migration to a Center of Excellence-Shared Service Provider (COE-SSP). Implementation is in 2011 giving a compliant and supported IFS. The IFS ERP application version implemented was released on 5/29/00 with maintenance ending 12/31/09. This IFS release is outdated and does not take advantage of the newest technologies and functionality now available. Current issues include: 1. A work-around process is needed for adjustments and reimbursable receivables activities; 2. A year-end blackout period and multiple budget versions are required because only a single fiscal year may be open for transaction processing; 3. A month-end accrual process is required because liabilities do not post upon receipt. Upgrading IFS addresses these business problems. Monetary benefits of $14.818M are also anticipated through the: 1. Reduction of audit-related contractor support due to expanded data integration in IFS; 2. Reduction in system maintenance costs because vendor-provided upgrades will be implemented as part of the maintenance agreement; 3. Reduction of integration and absorption of redundant legacy systems. Upgrading IFS and migrating to a COE-SSP ensures the IRS complies with federal accounting requirements, supports Treasury and IRS Strategic Goals, and meets OMB mandates. Failure to upgrade IFS results in increased costs and/or jeopardizes IRS' compliance with federal standards and a sustained unqualified audit opinion.

9. Did the Agency's Executive/Investment Committee approve this request?
Yes

9.a. If "yes," what was the date of this approval?
2006-08-09

10. Did the Project Manager review this Exhibit?
Yes

11. Project Manager Name:
Young, Carol

Project Manager Phone:
704-566-5357

Project Manager Email:
Carol.C.Young@IRS.Gov

12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.
No

12.a. Will this investment include electronic assets (including computers)?
Yes

12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
No	
13. Does this investment support one of the PMA initiatives?	
Yes	
If yes, select the initiatives that apply:	

Budget Performance Integration
Expanded E-Government
Financial Performance

13.a. Briefly describe how this asset directly supports the identified initiative(s)?
IFS supports 3 PMA strategic goals: 1)Improved Financial Performance: maintain current unqualified audit opinion; closing existing material weakness; improving compliance w/ federal financial regulations. 2)Budget & Performance Integration: provides key financial reports; reports full cost of achieving performance goals; makes full program cost info. readily available. 3)Increasing electronic processing with federal & state agencies: e-bidding, e-awarding, e-receiving, e-invoicing (ie., pay.gov)
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?
no
14.a. If yes, does this investment address a weakness found during the PART review?
no
15. Is this investment for information technology (See section 53 for definition)?
yes
16. What is the level of the IT Project (per CIO Council's PM Guidance)?
Level 3
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)
(1) Project manager has been validated as qualified for this investment
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?
yes
19. Is this a financial management system?
yes
19.a. If yes, does this investment address a FFMIA compliance area?
yes
19.a.1. If yes, which compliance area:
IFS is in compliance with all three FFMIA 803 (a) areas for a Fed. Fin. Mgnt. System: 1) Federal Financial Management Systems Requirements; 2) Federal accounting standards; and 3) the U. S. Government Standard General Ledger at the transaction level.
19.b. If yes, please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A11 section 52.
The financial systems that are supported are: Integrated Financial System (IFS) Travel Reimbursement and Accounting System (TRAS)
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)

Hardware	5
Software	5
Services	57
Other	33

21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?
n/a
22. Contact information of individual responsible for privacy related questions.

Name
Barbra Symonds
Phone Number
202-927-5170
Title
Director Office of Privacy
Email
Barbra.Symonds@irs.gov
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?
yes

SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY
	-2005	2006	2007
Planning Budgetary Resources	0.000	0.000	
Acquisition Budgetary Resources	0.000	0.000	
Maintenance Budgetary Resources	216.792	16.356	
Government FTE Cost	8.107	5.668	
# of FTEs	50	42	

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.

PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
1	2003	IFS supports Treasury Goal M5 - Ensure Professionalism, Excellence, Integrity and Accountability in the Mgnt of the Dept of the Treasury; & IRS Goal 3 -Continually monitor the tech. portfolio/ensure systems meet tech standards & are flexible	Selection of a solution that complies with Joint Financial Management Improvement Program (JFMIP) requirements for financial management systems.	Release 1 generated a Compliant Financial System that must continue under Release	A system is selected that meets Joint Financial Management Improvement Program (JFMIP) mandatory requirements and 100% of the business requirements without customization as demonstrated by a signed system certification.	SAP was selected as a best fit for meeting 100% of Joint Financial Management Improvement Program (JFMIP) mandatory requirements. While meeting 80% of non-JMFIP business requirements. This goal has been met (07/24/06).
2	2003	IFS supports Treasury Goal M5 - Ensure Professionalism, Excellence, Integrity and Accountability in the Mgnt of the Dept of the Treasury; & IRS Goal 3 -Continually monitor the tech. portfolio/ensure systems meet tech standards & are flexible	Ability to maintain the system in accordance with the most current Joint Financial Management Improvement Program (JFMIP) requirements.	Non-maintainable system due to software customization	IFS meets system requirements without software code customization	0% (no) code customization. This goal has been met (07/24/06).
3	2004	IFS supports Treasury Goal F4 - Manage the U.S. Finances Effectively; Strategic Objective F4D - Optimize Cash Mgnt IRS Goal 3: Deliver modernized systems designed to .. & support internal management needs for financial & human resources management	Deliver services more effectively by increasing the number of line items available on a single requisition.	Only 6 line items per requisition.	Increase the number of line items available per requisition by 50 as validated during testing of IFS Release 1	Increase the number of line items available per requisition by 50 as validated during testing of IFS Release 1
4	2004	IFS supports Treasury Goal F4 - Manage the U.S. Finances Effectively; Strategic Objective F4D - Optimize Cash Mgnt IRS Goal 3: Deliver modernized systems designed to .. & support internal management needs	Increase the number of line items available per requisition by 50 as validated during testing of IFS Release 1	No subsidiary ledgers at the transactional level.	100% of all transactions are represented in subsidiary ledger per finding the Government Accounting Office (GAO) FY06 audit report.	As of 06/05 (100%). This goal has been met - all IFS transactions are represented in the subsidiary ledger. Subsidiary ledgers have been provided to GAO for the FY

		for financial & human resources management				2005 and 2006 financial statement audits.
5	2005	IFS supports Treasury Goal F4 - Manage the U.S. Finances Effectively; Strategic Objective F4D - Optimize Cash Mgnt IRS Goal 3: Deliver modernized systems designed to .. & support internal management needs for financial & human resources management	Support government-wide accounting standards by increasing IRS's compliance with FFMIA by 70% for administrative accounting.	22 findings of FFMIA non-compliance against the current IRS financial system. Current system did not substantially comply.	Reduction in the open audit findings relating to IRS's administrative accounting system by 70% as validated through the GAO end of year audit which represents a substantially compliant system.	This performance measure was identified IFS was to interface with the Custodial Accounting Program (CAP). Since the CAP has been terminated this performance goal is no longer relevant.
6	2005	IFS supports Treasury Goal M5 - Ensure Professionalism,.. in the Mgnt of the Dept/Treasury; Strategic Objective M5B - Manage Treasury Res. & IRS Goal 3: Deliver modernized systems designed to .. & support internal mgnt needs for financial management	Reduce internal control weaknesses identified in GAO Audit 01-42.	Financial Statement fairly represents the IRS's financial situation but with internal control weaknesses. Weaknesses such as inability to provide reliable reporting on outstanding obligations.	Receipt of a clean audit opinion by GAO by November 2007.	As of June 2005, results are not yet observable. Results will be available after November 2006 GAO audit. November 2007 GAO audit report did not disclose any financial statements weaknesses related to IFS
7	2005	IFS supports Treasury Goal M5 - Ensure Professionalism,.. in the Mgnt of the Dept/Treasury; Strategic Objective M5B - Manage Treasury Res. & IRS Goal 3: Deliver modernized systems designed to .. & support internal mgnt needs for financial management	Implementation of IFS will increase efficiency by reducing the cycle time for key processes such as validation of error corrections	The impact of errors corrected in the gen. ledger on other trans. could not be reconciled until extracts from legacy system obtained after month close (i.e. an error correction on 6/8 could not verify impact on other trans until approx 3 weeks later)	Reduce the cycle time for review of error corrections from multiple days to real time.	As R1 exited M5 in 12/05, strict data integration was met as tools allowed for timely correction of posting errors in real time by end users.. Release two will continue to improve data integration. The goal has been met (07/24/06).
8	2006	IFS supports Treasury Goal M5 - Ensure Professionalism,.. in the Mgnt of the Dept/Treasury; Strategic Objective M5B - Manage Treasury Res. & IRS Goal 3: Deliver modernized systems designed to .. & support internal mgnt needs for	Improve the turnaround time for identification of the need for document corrections and for reviewing the impact of corrections made, by establishing the ability to conduct real time analysis both online and using real time reporting capability.	Once an error correction is made, potential resulting issues or errors cannot be addressed in the legacy accounting system until the overnight batch interfaces are completed and monthly reports received from the contractors	Real time ability to analyze error corrections and correct problems allows error correction prior to month end close.	As R1 exited M5 in 12/05, strict data integration was met as tools allowed for timely correction of posting errors in real time by end users.. Release two will continue to improve data integration. The goal has been

		financial management			met (07/24/06).
9	2006	IFS supports Treasury Goal F4 - Manage the U.S. Finances Effectively; Strategic Objective F4D - Optimize Cash Mgnt IRS Goal 3: Deliver modernized systems designed to .. & support internal management needs for financial & human resources management	IFS will provide a system that meets PMA objectives for Financial Management. Receive a score of green on OMB's PMA scorecard for Financial Management. The five PMA initiatives are: 1) Human Capital; 2) Electronic Government; 3) Competitive Sourcing; 4) Budget & Performance Integration; 5) Improving Financial Performance.	IRS has received a deficient, "Red" rating on OMB's President's Management Agenda (PMA) assessment for financial management.	Green score on OMB's PMA scorecard for Financial Management by third quarter 2006.	Treasury's PMA scorecard for 4th Qtr 2006 for Financial Perf. is red for Current Status but Green for Progress. The only remaining action item the IFS can impact is " (IRS to) meet with OMB to discuss cost accounting information in decision-making."
10	2006	IFS supports Treasury Goal F4 - Manage the U.S. Finances Effectively; Strategic Objective F4D - Optimize Cash Mgnt IRS Goal 3: Deliver modernized systems designed to .. & support internal management needs for financial & human resources management	Implementation of IFS will improve business processes resulting in reduced manual effort, which will in turn reduce overtime expenses by 25%.	$90,000 in overtime expenses annually to close the year end financials.	Decrease the amount of overtime needed to close the year-end financials by 25% as validated by FY 2006 1st quarter time reports.	As of June 2005, results are not yet observable. The assessment of overtime usage is planned for November 2005. There has been a >50% decrease in CFO overtime costs between FY 2005 and 2006. Consider this goal as met.
11	2007	IFS supports Treasury Goal M5 - Ensure Professionalism,.. in the Mgnt of the Dept/Treasury; Strategic Objective M5B - Manage Treasury Res. & IRS Goal 3: Deliver modernized systems designed to .. & support internal mgnt needs for financial management	As of June 2005, results are not yet observable. The assessment of overtime usage is planned for November 2005	Reimbursable data such as billed versus unbilled and collected versus uncollected takes seven days to appear on a report.	Reduce the time to view reimbursable data such as billed versus unbilled and collected versus uncollected from seven days to real time as demonstrated by end user ability to view transactions.	
12	2007	IFS supports Treasury Goal F4 - Manage the U.S. Finances Effectively; Strategic Objective F4D - Optimize Cash Mgnt IRS Goal 3: Deliver modernized systems designed to .. &	Implementation of an upgraded IFS will deliver a system that provides the capability to collect and report planned and actual program performance, as well as the capability for	IRS has received a "Yellow" rating on OMB's President's Management Agenda (PMA) assessment for budget-performance integration	Green score on OMB's PMA scorecard for budget-performance integration	In IFS both direct & indirect resource cost data can be linked to the budget process & the strategic planning goals of all business units. Full cost

		support internal management needs for financial & human resources management	performance-based budgeting with an automated link between IRS performance measures and the budget cycle. Receive a score of green on OMB's PMA scorecard for budget performance integration.			accounting for performance based budgeting will not be realized until future releases are implemented

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at www.egov.gov.

Table 2

	Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results

EA

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

1.a. If no, please explain why?

IFS does appear in the Treasury Target Architecture and is consistent with the Segment development.

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

INTEGRATED FINANCIAL SYSTEM (IFS) - IFS maps to Horizontal Line of Business " Accounting / Collections and Receivables / Reporting" this is scheduled to be included in the blueprint FY08.

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to http://www.whitehouse.gov/omb/egov/.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component	Agency Component Description	Service Type	Component	Reused Component	Reused UPI	Internal or	Funding %

	Name				Name		External Reuse?	
1	Billing and Accounting	Contained in IFS is a Core Fin. Sys Gen Ledger which tracks history of all trans; Cost Acctg which Improves assess. of costs/benefits as well as forecasting value; Accts Rec. which details what is owed; Accts Pay. which details what needs to be paid	Financial Management	Billing and Accounting			No Reuse	65
2	Internal Controls	Produce and access financial data on line in a real-time environment Used to generate reports to GAO and other customers.	Financial Management	Internal Controls			No Reuse	10

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Internal Controls	Service Platform and Infrastructure	Software Engineering	Integrated Development Environment	Informatica Extract Transform and Load Software, File Transfer Protocol
2	Internal Controls	Service Access and Delivery	Access Channels	Web Browser	Microsoft Internet Explorer
3	Billing and Accounting	Service Platform and Infrastructure	Database / Storage	Database	Oracle Relational Data Base Management System
4	Internal Controls	Service Platform and Infrastructure	Database / Storage	Storage	EMC Storage Area Network
5	Internal Controls	Service Platform and Infrastructure	Delivery Servers	Web Servers	Microsoft Internet Information Server (IIS)
6	Internal Controls	Service Platform and Infrastructure	Delivery Servers	Portal Servers	SAP Portal Servers
7	Internal Controls	Service Platform and Infrastructure	Hardware / Infrastructure	Network Devices / Standards	Transmission Control Protocol/Internet Protocol, Various Vendor's Network Components
8	Internal Controls	Service Platform and Infrastructure	Hardware / Infrastructure	Servers / Computers	Fujitsu PrimePower 200, 650, 850, 1000, 2000, HP DL-380

9	Internal Controls	Service Platform and Infrastructure	Hardware / Infrastructure	Wide Area Network (WAN)	Asynchronous Transfer Mode (ATM) Protocol
10	Internal Controls	Service Platform and Infrastructure	Hardware / Infrastructure	Local Area Network (LAN)	Ethernet, Fast Ethernet, TCP/IP
11	Internal Controls	Service Platform and Infrastructure	Software Engineering	Software Configuration Management	Rational Toolset, SAP Transport Facility
12	Internal Controls	Service Platform and Infrastructure	Software Engineering	Test Management	Rational Test Manager
13	Internal Controls	Service Interface and Integration	Integration	Middleware	Informatica Extract Transform and Load Software
14	Internal Controls	Service Access and Delivery	Delivery Channels	Intranet	Microsoft Internet Information Server, HTTP and TCP/IP Protocols, Citrix Presentation Software, Tivoli Monitoring and Scheduling Software
15	Billing and Accounting	Service Interface and Integration	Interoperability	Data Types / Validation	Informatica Extract Transform and Load Software, SAP ABAP Custom Code

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?
yes
5.a. If yes, please describe.
The soon to come User Fees process will exist within IFS. IFS will levarage data from the E-Services system and will collect payments through Pay.Gov. Within Treasury, IFS interfaces with HR Connect, the System of Record for employee and personnel information and processes and the Financial Management System (FMS), which processes payments and receipts.
6. Does this investment provide the public with access to a government automated information system?
no

PART TWO
RISK
You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.
Answer the following questions to describe how you are managing investment risks.
1. Does the investment have a Risk Management Plan?
yes
1.a. If yes, what is the date of the plan?
2006-07-28
1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?
yes
1.c. If yes, describe any significant changes:
The changes involve adding the risks for the next release of IFS.
3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)
The life cycle costs contain estimates in the Planning Phase that will help to carefully lay out the map for project completion up front. Funding has been estimated for thorough requirements gathering which should provide a very solid baselining of the project and avoid scope creep (which could affect cost and schedule).
COST & SCHEDULE

Does the earned value management system meet the criteria in ANSI/EIA Standard 748?	
no	
2.a. What is the Planned Value (PV)?	
29.865	
2.b. What is the Earned Value (EV)?	
29.865	
2.c. What is the actual cost of work performed (AC)?	
28.390	
What costs are included in the reported Cost/Schedule Performance information?	
Contractor and Government	
2.e. As of date:	
2006-09-30	
3. What is the calculated Schedule Performance Index (SPI= EV/PV)?	
1	
4. What is the schedule variance (SV = EV-PV)?	
0.000	
5. What is the calculated Cost Performance Index (CPI = EV/AC)?	
1.05	
6. What is the cost variance (CV = EV-AC)?	
1.475	
7. Is the CV or SV greater than 10%?	
no	
7.d. What is most current Estimate at Completion?	
121.458	
8. Have any significant changes been made to the baseline during the past fiscal year?	
yes	